7

REMARKS

This application has been carefully reviewed in light of the Official Action mailed on December 28, 1999. Applicant thanks the Examiner for the courtesy of his telephone conference June 8, 2000. In order to advance prosecution of this case, Applicant has amended claims 1, 6, 13, 19, and 27 in order to clarify and further describe the various inventive concepts. Applicant makes no admission that these amendments were necessary or made as a result of any prior art. Applicant respectfully requests reconsideration and favorable action in this case.

Claims 1, 2, 5-6, 10, 11, and 27-28 were rejected under 35 U.S.C. 103(a) over Clary (U.S. Patent No. 5,187,351). Applicant respectfully traverses this rejection. Claim 1 recites the following features:

> An automated system for encoding on the face of a check at a point-of-sale, comprising:
> a point-of-sale register operable to determine a transaction amount;
> an input device coupled to the point-of-sale register and operable to receive the transaction amount and determine a check amount in response to receiving an input from a user; and
> a check encoder coupled to the point-of-sale register and the input device and operable to receive the check amount and encode the check amount in a machine-readable format on a MICR line of the check in response to the input received from the user.

Clary discloses a system that does not include each and every limitation of claim 1. Indeed, the Examiner acknowledges that Clary "fails to specifically disclose that the check encoder is coupled to the point-of-sale register and the input device and operable to receive the check amount and encode the check amount in a machine-readable format on a MICR line of the check." The Examiner asserts that "Clary does however disclose that the retail store may also operate its operate its own MICR encoding center where the check amount is optically read and printed in MICR format on a MICR line (col. 3, lines 1-6; col. 4, lines 6-10; col. 5, lines 21-56; fig. 4)." (Paper 15, pages 2-3). The Examiner further asserts that "in view of Clary's teachings, it would have been obvious to one of ordinary skill in the art at the time of the invention to couple the MICR encoding center to the 'POS' terminal, so that the amount of the check can be encoded on the spot."

Applicant respectfully submits that the Examiner's reliance on Clary to reject claim 1 is improper. Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the

knowledge generally available to one of ordinary skill in the art. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); Manual of Patent Examining Procedure (MPEP) §2143. Clary nowhere teaches, suggests, or otherwise provides any motivation for the modification suggested by the Examiner. Therefore, any section 103 rejection based upon such a modification of Clary suggested by the Examiner is improper.

Moreover, the Examiner's suggested modification -- to "couple the MICR encoding center to the POS terminal, so that the amount of the check can be encoded on the spot", actually eliminates a step *required* by Clary. Such an elimination is an indicia of unobviousness. MPEP §2144. Among other things, Applicant's claimed invention is directed toward eliminating steps in the "time-consuming" traditional check processing procedure, because "[e]ach time the check is handled or encoded, an opportunity for error is introduced." (See, e.g., Applicant's specification, p. 3, lines 20-25). Thus, elimination of steps may provide the advantage of reducing the opportunity for error.

In order to accomplish the MICR encoding disclosed by Clary, Clary teaches keying in a method of preparing a check or other document for clearing that includes the following steps: "First, ..., a number indicative of the dollar amount of the transaction is keyed into a manually controlled machine and then printed onto the document both in an optically readable non-magnetic code and in ordinary numerals which can be readily understood by any person. Second, either at an encoding and proofing center ..., a machine is used to optically read the non-magnetic code from the document to create a set of electronic signals which then control the printing of that same number onto the document in magnetic ink." (col. 2, lines 41-60; col. 2, line 64 – col. 3, line 6; col. 5, lines 22-30). These steps teach a method and system that require printing textual and bar code information on a check. (see, e.g., col. 5, lines 47-50; FIGS 2a and 2B). The steps also teach the MICR code being printed by creating a "set of electronic signals" in response to optically reading the bar code. (col. 5, lines 25-30).

Thus and firstly, Clary discloses that a "store may operate its own MICR encoding center where checks are optically read from the bar code and the MICR code printed on them." (col. 5; lines 47-50). Clary's separate "encoding center" requires additional time and resources that may introduce delays and opportunities for error, a disadvantage that Applicant has addressed in what he regards as his claimed invention. Secondly, any 'encoding center' disclosed by Clary **requires** checks to be "optically read from the bar code

and the MICR code printed on them" (col. 5, lines 50-53). In contrast, the present invention requires no step of providing a bar code that may be optically read and subsequently used to automate the encoding and printing of the MICR number, but rather allows encoding of "the check amount in a machine-readable format on a MICR line of the check in response to the input received from the user." Lastly, Applicant respectfully asserts that without any disclosure that Clary was intended to encode "the check amount in a machine-readable format on a MICR line of the check in response to the input received from the user", it would not be obvious to do so. Therefore, any section 103 rejection based upon such a modification of Clary suggested by the Examiner is improper. The Examiner consequently fails to establish a prima facie case of obviousness. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claim 1.

Claims 2 and 5 depend on claim 1, which Applicant has shown above to be allowable, and recite further limitations that distinguish over Clary. For example, with respect to claim 5, the Examiner acknowledges that Clary fails to teach the claimed limitation that the "check is a blank check". The Examiner then asserted that "POS terminals having the capability of accepting blank checks and therein filling all the requisite information on its surface are notoriously well-known and commonly used in the art. Therefore to modify Clary's device so that it has such capability would have been obvious to one of ordinary skill in the art at the time of the invention." Applicant respectfully asserts that without any disclosure that Clary was intended to be used with blank checks, it would not be obvious to do so. Clary was intended to address a method of preparing a check for clearing, a different problem addressed by Applicant, that of encoding a check at a point-of-sale. Moreover, the arguments distinguishing claim 1 make the disclosure moot, because a section 103 rejection based upon the modification of Clary suggested by the Examiner is improper, and the Examiner consequently fails to establish a prima facie case of obviousness. Clary similarly fails to disclose, teach or suggest the features of claim 2 depending from claim 1. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claims 2 and 5.

With regard to Claim 6, as previously discussed, Clary fails to disclose, teach or suggest "encoding the check amount on the face of the check in a machine-readable format on a MICR line of the check in response to the input received from the user." Thus, Clary

fails to disclose the limitations of claim 6. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claim 6 and claims 10-11 depending therefrom.

Claim 27 recites an automated system for encoding on the face of a check at a point-of-sale which includes "a check encoder coupled to the point-of-sale register and the input device and operable to receive the check amount and encode the check amount in a format and location readable by standard check processing equipment on the face of the check in response to the input received from the user." For the reasons discussed previously, Clary fails to disclose "a check encoder coupled to the point-of-sale register and the input device" that is "operable to receive the check amount and encode the check amount in a format and location readable by standard check processing equipment on the face of the check." Thus, Clary fails to disclose, teach or suggest each and every limitation of claim 27. Clary similarly fails to disclose, teach or suggest the features of dependent claim 28. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claims 27 and 28.

Claims 3-4, 7-9, 13-18, and 29-30 were rejected under 35 U.S.C. 103(a) over Clary in view of Carlson, et al. (U.S. Patent No. 5,053,607). Applicant respectfully traverses these rejections. The Examiner first asserted that Carlson teaches a key pad having numeric and function keys. Finally, the Examiner believed that it would be obvious to combine the features of Clary and Carlson "with the purpose of allowing the user of the device to key in information regarding the transaction, such as transaction amount, date, routing numbers, etc."

The Examiner acknowledges that Clary does not teach a "check encoder coupled to the point-of-sale register in the input device and operable to receive the check amount and encode the check amount in a machine-readable format on a MICR line of the check." To overcome this shortcoming of Clary, however, the Examiner attempts to combine Clary with Carlson. The addition of Carlson to Clary does not cure Clary's deficiency of not teaching the claimed limitations. Further, the Examiner has not pointed to any language from the cited patents or any evidence in the prior art that would teach or suggest combining these references. The Examiner merely provides an "it would be obvious" conclusory statement using impermissible hindsight reconstruction without showing where in the references there is a suggestion for their combination. Applicant therefore submits that Carlson is an

inappropriate reference and that the Examiner's reliance on Clary to reject claims 3-4, 7-9, 13-18, and 29-30 is improper.

Moreover, Carlson also teaches away from such a combination. For example, Carlson discloses a check processing device for printing endorsements on the back of a check (col. 2, line 65 – col. 3, line 2; col. 10, lines 11-46). Carlson teaches that a keypad may be used during a transaction to perform the endorsement functions disclosed therein. (col. 2, lines 54-61). However, Carlson fails to disclose, teach or suggest that the endorsement on the back of the check is **machine-readable**. Because Carlson fails to teach machine-readability, it follows that it also fails to teach a predetermined location to enable machine-readability. Thus, Carlson fails to disclose, teach or suggest that the printing on the check is machine-readable or that it should be placed in any particular location based on machine-readability. In fact, Carlson performs electronic fund transfer at the point-of-sale, so there is no need or motivation to print a check amount in a machine-readable format on the MICR line to expedite bank processing of the check at a later time. Carlson teaches away from the present invention since the additional printing on the MICR line, especially in magnetic ink, actually slows down point-of-sale check processing, thus making Carlson less suitable for its purpose.

The combination of Clary and Carlson yields a device that prints a MICR line on checks that are optically read from a bar code, and then prints an endorsement in a non-machine readable format on the back of the check. Thus, Clary in combination with Carlson fails to disclose, teach or suggest each and every feature of, for example, claim 1. Because Clary in combination with Carlson fails to disclose, and even teaches away from, the limitations of claim 1, Clary in combination with Carlson similarly fails to disclose, teach or suggest the features of claims 3-4 depending from claim 1. Similarly, Carlson fails to disclose, and even teaches away from, the limitations of claim 6, and thus the limitations of claims 7-9 depending therefrom.

With regard to claim 13, the Clary-Carlson combination similarly fails to disclose, teach or suggest "encoding the check amount on the face of the blank check in magnetic ink on a MICR line of the check in response to the input received from the user". Thus, the Clary-Carlson combination fails to disclose, and even teaches away from, the limitations of claim 13. The Clary-Carlson combination similarly fails to disclose, teach or suggest the features of claims 14-18 depending from claim 13. With regard to claim 27, the Clary-Carlson combination similarly fails to disclose, teach or suggest "encode the check

amount in a format and location readable by standard check processing equipment on the face of the check in response to the input received from the user". Thus, the Clary-Carlson combination fails to disclose, and even teaches away from, the limitations of claim 27 or the features of claims 29-30 depending therefrom. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claims 3-4, 7-9, 13-18, and 29-30.

Claims 19-26 were rejected under 35 U.S.C. 103(a) over Foudos (U.S. Patent No. 4,053,735) in view of Clary. Applicant respectfully traverses the Examiner's rejection. Claim 19 recites the following features, with the relevant portions highlighted:

> A pocket-size personal check encoder, comprising:
> a keypad having a plurality of alphanumeric keys operable to receive a check amount from a user;
> a display coupled to the keypad and operable to display the check amount entered by the user; and
> a check encoder coupled to the keypad and display operable to receive the check amount from the keypad and encode the check amount in a machine-readable format at a predetermined location on a check in response to the check amount received from the keypad.

Foudos discloses a portable unit to which a bank may transfer user-expendable credit via a fixed unit. (col. 2, ll. 32-42) The user may enter an amount of a transaction into the device and select a cash or credit option. (col. 3, ll. 5-55) The check may be imprinted in a "central part of the check" usually . . . "usually printed by check printers". The device may also print on the check the amount of the transaction and, in some cases a "notation . . . designating the account on which the check is drawn, to facilitate reconciling his accounts." (col. 4, ll. 20-42) The Examiner acknowledges that Foudos "fails to disclose that the encoded check amount is encoded in a machine-readable format at a predetermined location on the check". The Examiner further asserts that "in view of Clary's teachings, it would have been obvious to one of ordinary skill in the art at the time of the invention, to modify Foudos' device so that it has the capability of encoding the check amount in a machine-readable format at a predetermined location on the check. This would have been done with the purpose of expediting the processing of the check by a bank, since all the relevant information would be readily present on the check's surface". (Paper 15, page 6).

To overcome this shortcoming of Foudos, however, the Examiner attempts to combine Foudos with Clary. The Foudos apparatus has a primary purpose of issuing assured checks using bank credit disbursements to a portable unit, in conjunction with preventing fraudulent tampering with the portable unit. In fact, because the Foudos device provides for

accounting of user-expendable credit with a bank, there is no need or motivation to print the check amount in a machine-readable format on the MICR line to expedite bank processing of the check at a later time. Thus, the addition of Clary to Foudos does not cure Clary's deficiency, for at least the reasons discussed above. Moreover, the Examiner has not cited language in either reference or within information commonly known to those skilled in the art to that provides the necessary motivation or suggestion to combine the two references. Applicant therefore submits that the Examiner's reliance on the Clary-Foudos combination to reject claims 19-26 is improper.

Even if the two references were properly combined, all the features of the rejected claims are not disclosed by the combination of Foudos and Clary. For example, Clary discloses a device that does not have each and every limitation of claim 19. Clary neither discloses nor suggests a pocket-size personal check encoder with the limitations recited in claim 19, including a keypad, a display, and a check encoder "coupled to the keypad and display operable to receive the check amount from the keypad and encode the check amount in a machine-readable format at a predetermined location on a check in response to the check amount received from the keypad."

The addition of Foudos does not disclose a device that does not have each and every limitation of claim 19. Applicant respectfully disagrees with the Examiner's assertion that Foudos teaches "such claimed limitation as broadly as recited." (Paper 15, page 6). Foudos fails to recite or suggest the use of a "**keypad having a plurality of alphanumeric keys**" as recited in claim 19. Instead, the Foudos check encoder employs a ten-key numerical keyboard with 'cash' and 'credit' function keys. Such a keyboard cannot provide either an input or an output of both alphanumeric characters – that is, numerals as well as alphabetic letters. More importantly, Foudos neither discloses nor in any way suggests encoding the check amount or that the matter printed on the check is in a **machine-readable** format. Quite to the contrary, the fact that both the payee and the customer can inspect the check is considered an important safety feature (col. 4, lines 57-68; col. 5, lines 1-2), and this feature would be undermined by a machine doing the reading. Furthermore, Foudos fails to disclose printing at a **predetermined location** for machine readability. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claim 19.

With respect to claim 20, Applicant respectfully asserts that without any disclosure that the Foudos device was intended to store any type of information regarding

payees, it would not be obvious to do so. With respect to claims 24 and 25, Foudos specifically teaches away from printing the check amount alphabetically, since Foudos considers the handwritten confirmation of the amount as an important safety feature (col. 4, lines 57-68; col. 5, lines 1-2). With respect to claim 26, Applicant concedes that Foudos discloses the use of blank checks but that the arguments distinguishing claim 19 make the disclosure moot. Consequently, claims 20-26 (dependent from 19) are also patentable over the Foudos-Clary combination. For at least these reasons, Applicant respectfully requests reconsideration and allowance of claims 19-26.
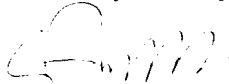
CONCLUSION

Applicant has made an earnest attempt to minimize the number of outstanding issues and place this case in better form for consideration on appeal. For the foregoing reasons and for other reasons clearly apparent, Applicant respectfully requests the entry of this Response and full allowance of claims 1-11 and 13-30.

In order to expedite the prosecution of this case, the undersigned attorney for Applicant invites the Examiner to call at the telephone number listed below if there is a need to clarify any outstanding issues.

A check is enclosed in the amount of $870.00 for extension fees. Although no additional fee is believed due, the Commissioner is hereby authorized to charge any fees or credit any overpayments to Deposit Account No. 05-0765 of Electronic Data Systems Corporation.

Respectfully submitted,
BAKER BOTTS L.L.P.
Attorneys for Applicant

Robin A. Brooks
Reg. No. 44,563

(214) 953-6748
robin.brooks@bakerbotts.com
Date: _____

Please Send Correspondence to:
L. Joy Griebenow, Esq.
Chief Patent Counsel
Electronic Data Systems Corporation
5400 Legacy Drive, M/S H3-3A-05
Plano, Texas 75024